GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:853
ANSWERED ON:04.03.2005
FII INVESTMENT
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

(a) whether due to the dollar regaining strength and hardening of US interest rates, there is a possibility of slowing down of FII investment in early 2005 as reported in the Times of India dated January 27, 2005 under caption FII money will slow down in early 2005: CEOs.

(b) if so, whether the Government has assessed the FII investment in the first quarter of 2005;

(c) if so, the details thereof;

(d) whether some factors like inflation, high interest rates, rising crude oil prices and high fiscal deficit are responsible for slow down in FII investment; and

(e) if so, the steps taken or being taken by Government to ensure that FII investment is kept intact during the year 2005?

Answer

MINISTER OF STATE FOR FINANCE (SHRI S.S. PALANIMANICKAM)

(a), (b) and (c): The Securities and Exchange Board of India(SEBI) has informed that as per the data available, during the first quarter of 2005, the FII investments till February 28, 2005 itself is Rs 8892 crores (USD 2026 millions) compared to Rs 6542 crores (USD 1436 million) for the same period in the previous year. The inflow trends during the period do not indicate the slow down mentioned in the news article referred to in the question.

(d) and (e) : In view of reply to (a), (b) and (c) above ,do not arise.